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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 001713

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STATE FOR NEA FOR FRONT OFFICE; NEA/IPA FOR  
GOLDBERGER/SHAMPAINE/ROSENSTOCK/PECCIA; NSC FOR  
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TAGS: PGOV PREL IS KPAL KWBG

SUBJECT: GOI PUBLISHES TENDERS FOR 416 HOUSING UNITS IN HAR HOMA AND BETAR ILLIT

REF: A. TEL AVIV 01247

1B. TEL AVIV 01095

1C. JERUSALEM 02609

1D. JERUSALEM 02524

Classified By: Charges d'affaires Luis G. Moreno for reasons 1.4 (b), (d)

11. (C) Summary: On August 7, Ministry of Construction and Housing (MOCH) Director General Chaim Fialkoff called econoff to inform Embassy Tel Aviv that the MOCH had published tenders to build 416 new housing units in the settlements of Har Homa and Betar Illit. The MOCH's publication of tenders for 130 units in Har Homa is a new approval to build new settler housing. Tenders for the 286 housing units in Betar Illit, however, are part of -- not an addition to -- the 682 units that Prime Minister Olmert had re-approved for building in early April 2008, according to Fialkoff. Although GOI officials, including Prime Minister Olmert, continue to tell Israeli press, the USG, and other international interlocutors that Israel's Roadmap commitments to stop settlement construction do not apply to neighborhoods within Jerusalem (e.g. Har Homa) or the "settlement blocs," (e.g. Betar Illit) as defined by Israel, Embassy Tel Aviv views these actions as inconsistent with Israel's commitments to the USG and counter to the spirit of the Annapolis process. The Secretary may want to raise this issue with the GOI on her upcoming visit to Israel. End summary.

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Tenders Published  
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12. (C) Har Homa: The MOCH's publication of tenders for 130 units in the East Jerusalem settlement of Har Homa is a new approval to build housing in settlements. According to Fialkoff, the tenders published for 130 new housing units are part of plans to build 250 housing units in the Har Homa B/Homat Shmuel neighborhood in East Jerusalem. These 130 units will be built as housing for the elderly.

13. (C) Betar Illit: Construction of 286 housing units in Betar Illit, located in the Gush Etzion settlement bloc southwest of Jerusalem, will make up one neighborhood in the settlement. Unlike the Har Homa tenders, these 286 units are part of the 682 total housing units in Betar Illit that Prime Minister Olmert had previously unfrozen in April (REFS A and B) and are not a newly approved settlement plan. Fialkoff noted that these units are being built to address a "very intense demand for housing in the ultra-orthodox community inside and close to Jerusalem." According to the tender announcement, these units will be built in five subsites and complete development of the Betar Illit B2 neighborhood. In addition to these units, the MOCH also published an additional tender to build 31 commercial units in the Betar

Illit B1 site. In May, Fialkoff noted to econoff that the MOCH last issued tenders for construction in Betar Illit approximately two years ago (REF B).

¶4. (C) Comment: Although the MOCH has not issued a tender for construction in Betar Illit since 2006, construction in this settlement and Har Homa constitute two of the largest construction projects in the territories. Since 1999, the GOI has either approved construction, or published and/or issued tenders for construction for 3,745 housing units in Betar Illit and 4,437 units in Har Homa.

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It's "Contiguous" and "Inside" Settlement Boundaries  
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¶5. (C) Fialkoff noted that in both Har Homa and Betar Illit, construction of these units will be "contiguous to an already existing neighborhood and is located inside the settlement municipal boundaries." Recent commercial imagery and visits by Consulate Jerusalem polooffs to Har Homa and Betar Illit in the December (REFS C and D) indicate that ongoing and planned construction at these settlements are outside what the USG would consider to be the current built-up area. Most construction ongoing in Har Homa and Betar Illit are located in adjacent areas which are continuously cleared outward, therefore expanding the footprint of these settlements.

¶6. (C) Moreover, if the USG were to accept the GOI definition of municipal boundaries as settlement perimeters, Har Homa could potentially expand to three times the size of its current built-up area. Har Homa could add as much as 600

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additional acres to its current footprint, if existing settlement plans are realized. Betar Illit could also potentially expand by 300 additional acres using this definition of boundaries, according to Peace Now's Hagit Ofran's GIS calculations.

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Comment  
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¶7. (C) Comment: Although GOI officials, including Prime Minister Olmert, do not consider construction in Har Homa and Betar Illit as inconsistent with their interpretation of Roadmap obligations, Palestinians have publicly voiced their growing frustration with ongoing settlement activities and have stated that settlements are obstacles to peace. Despite our and the international community's objections, the GOI has approved or published tenders for approximately 3,000 new housing units in West Bank and East Jerusalem settlements. We anticipate that the GOI will continue to plan and approve new housing units in areas they define as Jerusalem or in "settlement blocs." The Secretary may want to raise this issue with the GOI on her upcoming visit to Israel. End comment.

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